



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

Mr. Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

APR 21 2004

**PUBLIC SERVICE
COMMISSION**

RE: Attorney General's Supplemental Response to Staff Data Request 1 c in In
the Matter of: An Adjustment of the Electric Rates, Terms and Service of
Kentucky Utilities, Case No. 2003-00434

Dear Mr. Dorman,

Enclosed herewith is the Attorney General's Supplemental Response to Staff Information
Request 1 c in the above styled action. By this letter I give notice that all parties of record have
been served with a copy of the supplemental response.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth E. Blackford".

Elizabeth E. Blackford
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204
(502) 696-5453

cc: Parties of Record



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 21 2004

**PUBLIC SERVICE
COMMISSION**

In the Matter of:

**AN ADJUSTMENT OF THE ELECTRIC)
RATES, TERMS AND CONDITIONS OF)
KENTUCKY UTILITIES COMPANY)**

CASE NO: 2003-00434

Supplemental Response to Staff Requests for Information
Posed by Order Dated April 6, 2004

Attached is the supplemental Response of Michael J. Majoros, Jr. to Item 1(c) of the Staff Request for information posed by Order of April 6, 2003, calculating Rate Base.

Respectfully Submitted,



Elizabeth E. Blackford
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204
(502) 696-5453

KENTUCKY UTILITIES COMPANY

**Pro Forma Net Original Cost Rate Base
Reflecting Majoros Adjustments
As of September 30, 2003**

	Kentucky Jurisdiction (1)	
1. Utility Plant at Original Cost	\$ 3,066,042,028	
2. Adjustments		
3. Pro forma ECR Net Rate Base - Rives Exhibit 2, Column 15	(137,666,131)	
4. Pro forma E.W. Brown Repairs - Rives Exhibit 2, Column 6	(4,706,912)	
5. Pro forma Green River 1 & 2 retirement - Rives Exhibit 2, Column 7	(18,137,447)	
6. Asset Retirement Obligation - Asset Case No. 2003-00427	(7,408,501)	
7. Adjusted Utility Plant	2,898,123,037	
8. Deduct:		
9. Reserve for Depreciation	1,377,898,286	
10. Pro forma Green River 1 & 2 retirement - Rives Exhibit 2, Column 7	(17,086,448)	
11. Net Utility Plant	1,537,311,199	
12. Deduct:		
13. Customer Advances for Construction	1,455,980	
14. Accumulated Deferred Income Taxes	244,795,245	
15. Investment Tax Credit	5,453,270	
16. Total Deductions	251,704,495	
17. Net Plant Deductions	1,285,606,704	
18. Add:		
19. Materials and Supplies (a)	57,926,039	
20. Prepayments (a)(b)	2,935,464	
21. Emission Allowances (a)	59,742	
22. Cash Working Capital (page 2)	49,574,688	
23. Total Additions	110,495,933	
24. Total Net Original Cost Rate Base (Per Company)	\$ 1,396,102,637	(1)
25. Majoros Adjustments:		
26. Add: Annualized Depreciation Adjustment (Rate Base)	15,039,000	(2)
27. Less: CWC Adjustments	(2,279,242)	(3)
28. Rate Base (Per Majoros)	\$ 1,408,862,395	

(a) Average for 13 months.

(b) Includes prepayments for property insurance only.

(1) Attachment to Company response to PSC Set 3, Question No. 38, page 1 of 2.

(2) Majoros Revenue Requirement Testimony, Exhibit (MJM-7).

(3) See page 2 of 2.

KENTUCKY UTILITIES COMPANY

**Pro Forma Calculation of Cash Working Capital
Reflecting Majoros Adjustments
As of September 30, 2003**

	Kentucky Jurisdiction (1)	
1. Operating expense and taxes for the 12 months ended September 30, 2003	\$ 682,633,628	
2. Pro forma Operations and Maintenance Expense Adjustments - Rives Exhibit 1, line 43	(32,038,555)	
3. Adjusted Operating expense and taxes for the 12 months ended September 30, 2003	\$ 650,595,073	
4. Deduct:		
5. Depreciation and Amortization	88,376,624	
6. Pro forma Depreciation and Amortization Adjustments - Rives Exhibit 1, L. 14	2,091,278	
7. Pro forma ECR Depreciation Adjustments - Rives Exhibit 1, Schedule 1.03	(248,468)	
8. Depreciation for Asset Retirement	112,951	
9. Regulatory Credits	(9,444,394)	
10. Pro forma Cumulative Effect of Acct. Change Adjustment - Rives Exhibit 1, L. 28	8,434,618	
11. Accretion Expense	788,340	
12. Taxes		
13. Federal Income - current	18,941,937	
14. State Income - current	7,036,885	
15. Pro forma Federal and State Income Tax Adjustments - Rives Exhibit 1, L. 38-40	(14,817,954)	
16. Deferred Income - net	16,165,478	
17. Property and Other	13,973,445	
18. Pro forma ECR Property and Other Tax Adjustment - Rives Exhibit 1, Schedule 1.03	(248,468)	
19. Investment Tax Credit - net	-	
20. Electric Power Purchased	130,560,629	
21. Pro forma Electric Purchased Power Adjustment - Rives Exhibit 1, L. 9	(7,725,329)	
22. Total Deductions	\$ 253,997,572	
23. Remainder	\$ 396,597,501	
24. Cash Working Capital (12 1/2% of Line 28) (Per Company)	\$ 49,574,688	(1)
25. Majoros Adjustments:		
26. Environmental Surcharge and DSM at 12.5%	(399,367)	(2)
27. Annualized Depreciation Expense Difference \$15,039,000 @ 12.5%	(1,879,875)	(3)
28. Subtotal	\$ (2,279,242)	
29. Adjusted Cash Working Capital (Per Majoros)	\$ 47,295,446	

(1) Attachment to Company response to PSC Set 3, Question No. 38, page 2 of 2.

(2) Majoros Revenue Requirement Testimony, page 7.

(3) Majoros Revenue Requirement Testimony, Exhibit (MJM-7)